

## **BUDGET SECTION SUMMARY**

**Section Title:**

**SONOMA VALLEY COUNTY SANITATION DISTRICT**

### **A. Program Description**

This budget finances operation, maintenance, and administration of a collection system, pumping stations, a treatment plant, and disposal facilities which serve the Sonoma Valley County Sanitation District (Sonoma Valley CSD). The District includes the City of Sonoma, as well as the communities of Boyes Hot Springs, Agua Caliente, El Verano and Glen Ellen. The Sonoma Developmental Center is outside the District, but is served by an agreement.

### **B. Financial Summary**

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 06-07 Adopted	FY 07-08 Requested	Percent Change	FY 06-07 Adopted	FY 07-08 Requested	Percent Change
Operations	\$12,141,592	\$14,462,885	19.12%	\$1,834,031	\$3,227,344	75.97%
Construction	12,107,000	4,520,000	(62.67%)	7,147,000	(5,751,831)	(180.48%)
Outfall Line	10,598	9,542	(9.96%)	(39,296)	(40,168)	2.22%
Glen Ellen Bonds	6,802	6,252	(8.09%)	(11,368)	(12,036)	5.87%
1998 Rev Bonds	721,647	725,059	0.47%	(631,450)	(689,000)	9.11%
SRF Loan Reserve	0	0	N/A	0	(36,646)	N/A
SRF Loan	0	7,170,054	N/A	0	6,723,355	N/A
<b>TOTAL:</b>	<b>\$24,987,639</b>	<b>\$26,893,792</b>	<b>7.63%</b>	<b>\$8,298,917</b>	<b>\$3,421,019</b>	<b>(58.78%)</b>

### **C. Staffing Summary**

No staffing is allocated to this index.

### **D. Workload Summary**

Workload Indicator	FY 05-06 Actual	FY 06-07 Budget Estimate	FY 06-07 Revised Estimate	FY 07-08 Projected	Change from FY 06-07 Budget Estimate
TOTAL ESDs	17,194	17,097	17,194	17,365	1.57%
TOTAL APNs	11,390	11,305	11,390	11,503	1.75%

### **E. Summary of Issues and Significant Changes**

The requested rate per ESD for FY 07-08 annual service charges is \$578, representing a 5.25% increase from FY 06-07. Annual sewer service charge revenue collected on the tax roll (adjusted for the anticipated number of ESDs and an estimated delinquency factor) is projected to be higher than the FY 06-07 budget. This revenue change is due to the fact that the annual service charges were increased for FY 07-08.

The Sonoma Valley CSD provides sewage collection, treatment, and disposal service to the Sonoma Valley area. Wastewater is collected primarily by a gravity system and flows to the Sonoma Valley CSD's wastewater treatment plant for processing. Recycled water is used to irrigate local crops during the summer and is discharged to San Pablo Bay via Schell Slough during the winter. The Sonoma Valley CSD's treatment plant is permitted to treat an average daily dry weather flow of up to 3.0 million gallons per day to secondary wastewater treatment standards. Waste Discharge Requirements, Order No. R2-2002-0046 (NPDES Permit No. CA0037800), was issued on March 20, 2002 by the California Regional Water Quality Control Board, San Francisco Bay Region (SFBRWQCB) for Sonoma Valley CSD's treatment plant.

In the past, the Sonoma Valley treatment plant experienced numerous operational difficulties due to high wet weather inflows, worn out and obsolete equipment, and insufficient storage and disposal capacity in the reclamation system. Because of significant capital improvements and operational changes, the District had a significant reduction in violations over the last several years.

Most of the District's collection system is several decades old. A 1994 study of the collection system showed that approximately 10 of the 120 miles of Sonoma Valley CSD's pipeline needs to be repaired or replaced due to deterioration or insufficient capacity. The Sonoma Valley CSD completed a wet weather overflow prevention study, which was in response to a Notice of Violation issued by the SFBRWQCB regarding sewer system overflows on April of 1999. The study identified areas within the Sonoma Valley CSD's collection system where repair and/or replacement projects are the most needed. A program to replace the District's collection system over a period of several decades is needed to ensure the reliability and safety of this infrastructure. It is estimated that this program could require on the order of \$2,000,000 per year to implement. The District is monitoring activities aimed at developing state and federal infrastructure replacement funding for systems such as Sonoma Valley CSD. Additionally, the District has been and will continue to increase rates over and above the rate of inflation to generate funds for replacing the collection system.

The requested rates should provide the funds necessary to operate and maintain the Sonoma Valley CSD's collection system, treatment plant, and reclamation system. As indicated above, the District has been increasing rates to generate funds needed for the replacement of aging infrastructure.

**F. Summary of Reduction Options**

No reduction options are proposed.

**G. Attachments**

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

# FY 2007-08 BUDGET

## SUMMARY OF REVENUES AND EXPENDITURES

**Section Title:** SONOMA VALLEY CSD - OPERATIONS

**Section/Index No:** 653105

Sub-Object No. and Title	Adopted 2006-07	Requested 2007-08	Difference	Percent Change
<b>REVENUES:</b>				
<b><u>TAXES</u></b>				
1001 Flat Charges - CY	\$9,010,803	\$9,635,491	\$624,688	6.93%
1061 Flat Charges - PY	100,000	125,000	25,000	25.00%
1120 Penalties / Costs on Taxes	21,000	21,000	0	0.00%
<b>Subtotal Taxes</b>	<b>\$9,131,803</b>	<b>\$9,781,491</b>	<b>\$649,688</b>	<b>7.11%</b>
<b><u>USE OF MONEY</u></b>				
1700 Interest on Pooled Cash	\$128,000	\$94,050	(\$33,950)	(26.52%)
<b>Subtotal Use of Money</b>	<b>\$128,000</b>	<b>\$94,050</b>	<b>(\$33,950)</b>	<b>(26.52%)</b>
<b><u>CHARGES FOR SERVICES</u></b>				
3400 Sanitation Services	\$684,000	\$750,000	\$66,000	9.65%
3403 Industrial Users Mon/Dischg	10,000	10,000	0	0.00%
3404 Septic Charges	100,000	100,000	0	0.00%
<b>Subtotal Charges for Services</b>	<b>\$794,000</b>	<b>\$860,000</b>	<b>\$66,000</b>	<b>8.31%</b>
<b><u>MISCELLANEOUS REVENUE</u></b>				
4099 Conservation Program	\$253,758	\$500,000	\$246,242	97.04%
<b>Subtotal Miscellaneous Revenue</b>	<b>\$253,758</b>	<b>\$500,000</b>	<b>\$246,242</b>	<b>97.04%</b>
<b>TOTAL REVENUES</b>	<b>\$10,307,561</b>	<b>\$11,235,541</b>	<b>\$927,980</b>	<b>9.00%</b>

**EXPENDITURES:**

**SERVICES AND SUPPLIES**

6040 Communications	\$30,000	\$15,000	(\$15,000)	(50.00%)
6140 Maintenance - Equipment	250,000	200,000	(50,000)	(20.00%)
6180 Maintenance - Bldgs / Impr	300,000	250,000	(50,000)	(16.67%)
6512 Testing-Analysis	0	110,000	110,000	N/A
6262 Lab Supplies	25,000	25,000	0	0.00%
6521 County Services	25,000	49,710	24,710	98.84%
6522 District Services	4,065,000	450,000	(3,615,000)	(88.93%)
6523 District Operations	0	3,421,000	3,421,000	N/A
6570 Consultant Services	50,000	105,000	55,000	110.00%
6573 Administration Costs	65,000	67,500	2,500	3.85%
6610 Legal Services	50,000	20,000	(30,000)	(60.00%)
6629 Fiscal Accounting Services	0	90,000	90,000	N/A
6630 Audit / Accounting Services	27,618	25,000	(2,618)	(9.48%)
7201 Gas/Oil	0	13,000	13,000	N/A
7206 Equipment Usage Charge	0	290,000	290,000	N/A

<b>Sub-Object No. and Title</b>	<b>Adopted 2006-07</b>	<b>Requested 2007-08</b>	<b>Difference</b>	<b>Percent Change</b>
7212 Chemicals	325,000	425,000	100,000	30.77%
7217 State Permits / Fees	50,000	25,000	(25,000)	(50.00%)
7247 Water Conservation	303,758	500,000	196,242	64.60%
7250 Reimbursable Projects	20,000	30,000	10,000	50.00%
7320 Utilities	600,000	450,000	(150,000)	(25.00%)
<b><i>Subtotal Services and Supplies</i></b>	<b>\$6,186,376</b>	<b>\$6,561,210</b>	<b>\$374,834</b>	<b>6.06%</b>
<b><u>OTHER CHARGES</u></b>				
7920 Interest	\$0	\$173,223	\$173,223	N/A
7980 Depreciation	2,414,000	2,552,000	138,000	5.72%
8010 Contribution Non-Co Govt	144,625	250,000	105,375	72.86%
<b><i>Subtotal Other Charges</i></b>	<b>\$2,558,625</b>	<b>\$2,975,223</b>	<b>\$416,598</b>	<b>16.28%</b>
<b><u>OTHER FINANCING USES</u></b>				
8625 OT - W/in Special Dist - BOS	\$3,196,591	\$4,726,452	\$1,529,861	47.86%
<b><i>Subtotal Other Financing Uses</i></b>	<b>\$3,196,591</b>	<b>\$4,726,452</b>	<b>\$1,529,861</b>	<b>47.86%</b>
<b><u>APPROPRIATIONS FOR CONT</u></b>				
9000 Approp for Contingencies	\$200,000	\$200,000	\$0	0.00%
<b><i>Subtotal Approp for Contingencies</i></b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$0</b>	<b>0.00%</b>
<b><u>TOTAL EXPENDITURES</u></b>				
	<b>\$12,141,592</b>	<b>\$14,462,885</b>	<b>\$2,321,293</b>	<b>19.12%</b>
<b><u>TOTAL NET COST</u></b>				
<i>(Expenditures Minus Revenues)</i>	<b>\$1,834,031</b>	<b>\$3,227,344</b>	<b>\$1,393,313</b>	<b>75.97%</b>

**FY 2007-08 BUDGET**  
**CHARACTER JUSTIFICATION**

**Department - Division:** Sonoma County Water Agency - Sanitation

**Section Title:** Sonoma Valley CSD - Operations

**Character Title:** Taxes **Character No.:** 653105-10

**1001 Flat Charges - CY**

Flat charge revenue from annual service charges is expected to increase from the adopted FY 06-07 budget. The rate will increase 5.25%, from \$549 to \$578.

ESDs times annual rate:	17,365 x \$578	\$10,036,970
Less Estimated Delinquency Factor:	4%	<u>(401,479)</u>
		\$9,635,491

(See SubObject 3400 for Total ESDs)

**1061 Flat Charges - PY**

This item records the estimated delinquent amount of prior years sewer service charges.

**1120 Penalties / Costs on Taxes**

This item records penalties paid on delinquent sewer service charges.

**Character Title:** Use of Money **Character No.:** 653105-17

**1700 Interest on Pooled Cash**

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trend:

Estimated Average Cash Balance	\$1,980,000
Projected Interest Rate	<u>4.75%</u>
Projected Interest on Pooled Cash	\$94,050

**Character Title:** Charges for Services **Character No.:** 653105-30

**3400 Sanitation Services**

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year. This figure is based on historical revenue.

**3403 Industrial Users Monitoring/Discharge**

This account records revenue associated with the Industrial Users Monitoring Program or revenue received from any industrial user for events such as an unauthorized (or specially authorized) discharge into the treatment plant. The budgeted amount is expected to offset monitoring expenses anticipated to be incurred primarily by the Agency's Environmental Compliance Inspector (see Sub-object 7250, Reimbursable Projects).

**3404 Septic Disposal Fee**

This account records the revenue to the district for septic haulers using the treatment plant facilities to dispose of septic waste.

**4099 Conservation Program**

This account records \$1,500 of each connection fee to support the water conservation program per Ordinance 59 dated 8/8/2002.

**6040 Communications**

This account records expenses paid by the District for outside communication and wireless service

**6140 Maintenance - Equipment**

This account records the cost of materials for routine maintenance of equipment.

**6180 Maintenance - Bldgs / Impr**

This account records the cost of parts and materials required to maintain the collection system and treatment facilities

**6262 Lab Supplies**

This account records the cost of lab supplies required for testing and monitoring wastewater

**6512 Testing and Analysis**

This account records expenses incurred to comply with all regulatory testing requirements.

**6521 County Services**

This item records the expense of agenda services for FY 07-08. Based on FY 06-07 charges the service has increased.

**6522 District Services**

This account records the service and supply type items associated with operations and maintenance of the District's facilities.

**6523 District Operations**

This account records the cost of labor and overhead associated with operations and maintenance of the District's facilities, as well as staff costs associated with supporting the San Francisco Bay Integrated Regional Water Management Plan. This new account number is being set-up to isolate internal labor activities.

**6570 Consultant Services**

This account records the costs of services provided by outside consultants including \$25,000 for the San Francisco Bay Integrated Regional Water Management Plan and \$30,000 and the Groundwater Management plan.

**6573 Administration Costs**

This account represents the 3% administration fee assessed by the County for processing collection of flat charges on the tax roll.

**6610 Legal Services**

This item covers the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required. For FY 07-08 it is anticipated that required legal service will be 60% less than last fiscal year.

**6629 Fiscal Accounting Services**

This item records the direct charge for services provided by the Fiscal Services Section of the County Auditor Controller's Office for staff costs attributed to District's accounting.

**6630 Audit / Accounting Services**

This account represents the cost of accounting and audit services provided by an outside certified public accounting service.

**Character Title:**

**Services and Supplies (Continued)**

**Character No.:**

**653105-60**

**7201 Gas/Oil**

This item include the costs of gas, diesel and oil.

**7206 Equipment Usage Charges**

This item is requested to provide funds for equipment usage.

**7212 Chemicals**

This account records the cost of chemicals required for operation of the treatment plant in accordance with the District's NPDES permit (as required by the State Water Quality Control Board).

**7217 State Permits / Fees**

This account records the cost of obtaining the District's permits related to NPDES, as mandated by the Regional Water Quality Control Board.

**7247 Water Conservation Program**

This account reflects \$60,000 for the Economic Development Board for the Water Conservation Program, \$70,000 for the Toilet Rebate Program and \$370,000 to retrofit the Sonoma Developmental Center Facilities to reduce the amount of wastewater discharged to the Sonoma Valley Treatment Plant. This program is funded by revenue generated by the \$1,500 connection fee noted above under sub-object 4099.

**7250 Reimbursable Projects**

This account records any expenses that are expected to be covered by reimbursement. The budget request is based on projected expenses associated with the Environmental Compliance Inspector and the program for monitoring industrial users

**7320 Utilities**

This account records the cost of payments made for utilities such as gas, electricity and water

**Character Title:**

**Other Charges**

**Character No.:**

**653105-75**

**7920 Interest**

This account reflects the interest expense for the State Revolving Loan for the Tertiary Treatment Plant Upgrade. The interest rate is 2.50%. Payment begin November 2007 and will continue annually until November 2022

**7980 Depreciation**

Generally Accepted Accounting Principles require that depreciation be expensed each year

**8010 Contribution Non-Co Govt**

This account represents funding with North Bay Watershed Association towards Agency's share of costs (\$15,000) and allocation to the District for the North Bay Water Reuse Authority (\$235,000).

**Character Title:** Other Financing Uses

**Character No.:** 653105-86

**8625 OT - W/in Special Dist - BOS**

This account reflects the transfer of cash from the Operations Fund to the Outfall Line Fund and the 1998 Revenue Bond Fund to cover principal and interest payments, as well as to the Construction Fund to finance the Capital Replacement Program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer to the Construction Fund will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

*Transfer to:*

Outfall Line Fund	\$ 49,710
1998 Revenue Bond Fund	1,395,059
SRF Loan	446,699
SRF Loan Reserve	34,984
Construction Fund	2,800,000
Total Operating Transfer	<u>\$ 4,726,452</u>

**Character Title:** Appropriations for Contingencies

**Character No.:** 653105-90

**9000 Appropriations for Contingencies**

This account provides funding for unanticipated expenditures or revenue shortfalls.



**FY 2007-08 BUDGET**  
**STATEMENT OF SPECIAL FUND ACTIVITY**

**Department:** Sonoma County Water Agency - Sanitation  
**Section:** Sonoma Valley CSD - Operations  
**Index No.:** 653105

DESCRIPTION OF FUND ACTIVITY	Actual FY 05-06	Estimated FY 06-07	Requested FY 07-08
<b>Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings Available for Budgeting</b> (See Detailed Components Below)	<b>\$4,025,570</b>	<b>\$2,599,551</b>	<b>\$2,708,457</b>
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase retained earnings	\$9,358,374	10,448,438	11,235,541
Expenditures - (Decrease) retained earnings	(\$12,928,415)	(12,541,267)	(14,462,885)
<b>Net Surplus or Deficit - Inc/(Dec) to retained earnings</b>	<b>(3,570,041)</b>	<b>(2,092,829)</b>	<b>(3,227,344)</b>
<b>Adjustments to Reserves/Encumbrances:</b>			
7980 Depreciation	2,143,235	2,201,735	2,552,000
Net Change in Encumbrance	13,031	-	-
Change in Water Conservation Reserve	(64,646)	-	-
Capitalized Interest	(697)	-	-
Post Audit Adjustment-Prepaid Expense	119,122	-	-
Post Audit Adjustment-Receivables	(18,873)	-	-
Post Audit Adjustment-Payables	(47,150)	-	-
<b>Net Adjustment - Increase/(Decrease) to Retained Earnings</b>	<b>2,144,022</b>	<b>2,201,735</b>	<b>2,552,000</b>
<b>Undesignated/Unreserved <u>ENDING</u> Retained Earnings Available for Budgeting</b>	<b>\$2,599,551</b>	<b>\$2,708,457</b>	<b>\$2,033,113</b>
<b>Total Increase/(Decrease) in Retained Earnings for Fiscal Year</b> (Difference between Beginning and Ending Balance)	<b>(\$1,426,019)</b>	<b>\$108,906</b>	<b>(\$675,344)</b>
<b><u>Retained Earnings Components at Beginning of FY</u></b>	<b><u>7/1/05</u></b>	<b><u>7/1/06</u></b>	
Cash	\$5,969,518	\$4,493,222	
Other Receivables-Flat Charges	492,267	472,702	
Prepaid Expense	-	206,937	
Accounts Payable	(198,425)	(283,905)	
Water Conservation Reserve	(2,000,813)	(2,065,459)	
Encumbrances (PO)	(1,562)	(6,576)	
Encumbrances (Contract)	(235,415)	(217,370)	
<b>Total Beginning Retained Earnings</b>	<b>\$4,025,570</b>	<b>\$2,599,551</b>	

# FY 2007-08 BUDGET

## SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - CONSTRUCTION  
 Section/Index No: 653303

Sub-Object No. and Title	Adopted 2006-07	Requested 2007-08	Difference	Percent Change
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### REVENUES:

#### USE OF MONEY

1700 Interest on Pooled Cash	\$160,000	\$475,000	\$315,000	196.88%
<b>Subtotal Use of Money</b>	<b>\$160,000</b>	<b>\$475,000</b>	<b>\$315,000</b>	<b>196.88%</b>

#### MISCELLANEOUS REVENUE

4303 State Grants	\$3,000,000	\$0	(\$3,000,000)	(100.00%)
<b>Subtotal Miscellaneous Revenue</b>	<b>\$3,000,000</b>	<b>0</b>	<b>(\$3,000,000)</b>	<b>(100.00%)</b>

#### OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$1,800,000	\$9,796,831	\$7,996,831	444.27%
<b>Subtotal Other Financing Sources</b>	<b>\$1,800,000</b>	<b>\$9,796,831</b>	<b>\$7,996,831</b>	<b>444.27%</b>

<b>TOTAL REVENUES</b>	<b>\$4,960,000</b>	<b>\$10,271,831</b>	<b>\$5,311,831</b>	<b>107.09%</b>
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### EXPENDITURES:

#### FIXED ASSETS

8510 Building / Improvement	\$8,476,000	\$975,000	(\$7,501,000)	(88.50%)
9142 Capital Replacement Program	3,631,000	3,545,000	(86,000)	(2.37%)
<b>Subtotal Fixed Assets</b>	<b>\$12,107,000</b>	<b>\$4,520,000</b>	<b>(\$7,587,000)</b>	<b>(62.67%)</b>

<b>TOTAL EXPENDITURES</b>	<b>\$12,107,000</b>	<b>\$4,520,000</b>	<b>(\$7,587,000)</b>	<b>(62.67%)</b>
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<b>TOTAL NET COST</b>	<b>\$7,147,000</b>	<b>(\$5,751,831)</b>	<b>(\$12,898,831)</b>	<b>(180.48%)</b>
<i>(Expenditures Minus Revenues)</i>				



**8510 Buildings / Improvements (Continued)**

<b>Building/Improvements</b>	<b>PCAS No.</b>	<b>Amount</b>
<u>Reservoir R-3 Re-Lining</u>	TBD	50,000
Funding will be used to design the replacement of the impermeable lining of Reservoir R-3.		
<u>North San Pablo Bay Project</u>	TBD	235,000
Funding will be used for project management and coordination with other Agencies.		
<u>Upland Ponds Rehabilitation</u>	TBD	250,000
This project is for rehabilitation of upland ponds required as mitigation for reclamation project.		
<u>Underground Fuel Tank Replacement</u>	7146	40,000
This project will remove the existing diesel underground storage tank and replace it with a new above-ground tank.		
<u>Miscellaneous Treatment Plant Upgrades</u>	TBD	<u>200,000</u>
Miscellaneous treatment plant improvement include small improvements projects that can not be considered routine maintenance. They include, but not limited to, the operation building renovation, reclamation metering and flow control structure improvements		
Subtotal for Buildings / Improvements (Sub-object 8510)		\$ 975,000

**9142 Capital Replacement Program**

The funding requested in this account is for repair and replacement of the sewer collection system. Long-term replacement of existing facilities that are worn out and in disrepair will help to bring the facilities up to current sanitation standards and will extend the life of the sanitation infrastructure.

<u>Main Sewer Trunk Repair</u>	7067	\$ 3,545,000
This project will replace portions of the existing trunk main. The current budget item will fund contract administration for the portion of the main between Leveroni and East Watmaugh Road and design and construction costs for the portion between East Watmaugh Road and the treatment plant.		
Subtotal for Capital Replacement Program (Sub-object 9142)		\$ 3,545,000

**Grand Total - Character 85** \$ 4,520,000